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ACTION NEA-11

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TO SECSTATE WASHDC PRIORITY 808

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E.O. 11652: N/A
TAGS: ELAB, ECON, IR
SUBJ: LABOR UNREST IN IRAN

REF: (A) TEHRAN 09582, (B) TEHRAN 9651

1. SUMMARY: DESPITE A CABINET DECISION TO GRANT EASY-TERM HOUSING LOANS TO CIVIL SERVANTS AND PROSPECTS THAT THE GOVERNMENT WOULD AGREE TO HIGHER CIVIL SERVICE SALARIES, THE CIVIL SERVICE ASSOCIATION OF IRAN HAS THREATENED TO CALL A GENERAL STRIKE ON OCTOBER 7 UNLESS THE GOVERNMENT MEETS A WIDE-RANGING LIST OF DEMANDS, INCLUDING A ONE HUNDRED PERCENT INCREASE IN SALARIES AND ALLOWANCES. THOSE ORGANIZATIONS IN WHICH STRIKES WERE RECENTLY SETTLED OR ARE STILL CONTINUING INCLUDE: BANK MELLI, THE TELECOMMUNICATIONS CORPORATION OF IRAN (TCI), THE NATIONAL IRANIAN OIL COMPANY, THE GOI OWNED IRAN INSURANCE COMPANY, THE STATE TOBACCO MONOPOLY, BANK ETEBARAT IRAN (PRIVATE), THE URBAN PLANNING OFFICE OF THE TEHRAN MUNICIPALITY, AND SEGMENTS OF THE STATE POWER AUTHORITY, TAVANIR. IN ADDITION, THERE WERE REPORTS OF A STRIKE OCTOBER FOUR IN THE PLAN AND BUDGET ORGANIZATION AND WORK STOPPAGES
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IN HOSPITALS LOCATED BOTH IN TEHRAN AND TABRIZ. END

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SUMMARY.

2. IN WHAT SEEMED AN OBVIOUS MOVE TO FORESTALL EXPECTED TROUBLE FROM THE CIVIL SERVICE ASSOCIATION, THE CABINET DECIDED ON OCTOBER THREE THAT THE IRANIAN GOVERNMENT WOULD GRANT CIVIL SERVANTS LONG-TERM, LOW-INTEREST HOUSING LOANS. NEWSPAPER REPORTS INDICATE THAT THE AMOUNT, INTEREST RATE, AND TERM OF THE LOANS WERE PEGGED TO THE BASE SALARY OF THE APPLICANT: CIVIL SERVANTS WITH LESS THAN 30,000 RIALS PER MONTH WOULD RECEIVE 1.7 MILLION RIALS (DOLLARS TWENTY-FOUR THOUSAND ONE HUNDRED THIRTEEN) AT THE RATE OF FOUR PERCENT IN TEHRAN AND THREE PERCENT IN THE PROVINCES, TO BE REPAID WITHIN A TWENTY-YEAR PERIOD IF THE APPLICANT LIVED WITHIN TEHRAN AND WITHIN TWENTY-FIVE YEARS IN THE PROVINCES. EMPLOYEES IN THE 30,000-50,000 RIAL PER MONTH SALARY BRACKET WOULD GET LOANS TO A MAXIMUM OF THREE MILLION RIALS (DOLLARS FORTY-TWO THOUSAND FIVE HUNDRED FIFTY THREE) AT AN INTEREST RATE OF SIX PERCENT IN TEHRAN AND FIVE PERCENT IN THE PROVINCES. THE REPAYJENT PERIOD FOR THIS GROUP WOULD RANGE FROM FIFTEEN TO TWENTY YEARS, WITH THE RESIDENTS OF THE CAPITAL REQUIRED TO MAKE THE EARLIER REPAYMENT. THE MODALITIES AND EFFECTIVE DATE OF THIS HOME LOAN PROGRAM ARE NOT YET KNOWN AND A STATEMENT THAT THE PROGRAM WOULD BE FUNDED FROM THE RESPECTIVE MINISTRY'S BUDGET NEXT FISCAL YEAR (BEGINS MARCH 21, 1979) MAKES THIS QUESTION LIVELY. CIVIL SERVANTS WITH MORE THAN 50,000 RIALS INCOME PER MONTH WOULD BE GRANTED LOANS, UNDER SPECIAL PROVISIONS, WHICH THE CABINET WOULD LATER ANNOUNCE. THE MINISTER OF EXECUTIVE AFFAIRS, MANOUCHEHR AZMOUN, ANNOUNCED AT A PRESS CONFERENCE THAT

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THE SUBJECT OF CIVIL SERVICE SALARIES HAD BEEN DISCUSSED BY THE CABINET AND THAT ACTION WOULD BE TAKEN AT THE NEXT CABINET SESSION. NEWSPAPER SOURCES SPECULATED THAT THE GOVERNMENT WOULD AGREE TO INCREASE THE WAGES OF CIVIL SERVANTS BY AS MUCH AS FIFTY PERCENT.

3. DESPITE THESE CONCILIATORY MOVES BY THE GOVERNMENT, THE THREAT REMAINS OF A GENERAL STRIKE BY EMPLOYEES OF THE CIVIL SERVICE ASSOCIATION TO BEGIN ON OCTOBER SEVEN. TEHRAN ENGLISH LANGUAGE DAILY NEWSPAPERS LIST THE

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DEMANDS OF THE CIVIL SERVICE EMPLOYEES AS THE FOLLOWING: A 100 PERCENT RAISE IN THE SALARIES AND ALLOWANCES OF ALL CIVIL SERVANTS, ANNUAL INCREMENTS OF BASIC WAGE AND ALLOWANCES COMMENSURAGE WITH THE INFLATION RATE, IMMEDIATE ASSURANCE THAT THE GOVERNMENT WOULD PROVIDE LONG TERM HOUSING LOANS AT LOW INTEREST AND THE RESTORATION OF THE HOUSING ALLOWANCE, AN INSTITUTIONALIZED PLAN FOR THE PAYMENT OF OVERTIME AND TRANSPORTATION ALLOWANCE, A SIZEABLE INCREASE IN FOOD GRANTS, FREE MEDICAL BENEFITS, INVESTIGATION OF THE PENSION SCHEME FOR RETIRED CIVIL SERVANTS, AND THE RESTORATION OF PENSIONS PEGGED TO RESPECTIVE SALARIES.

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4. THE NUMBER OF ORGANIZATIONS AFFECTED BY STRIKES CONTINUES TO MULTIPLY. DESPITE PRESS REPORTS TO THE CONTRARY (AS REPORTED BY REF B) EMPLOYEES OF THE NATIONAL IRANIAN OIL COMPANY (NIOC) CONTINUE TO STRIKE. ACCORDING TO PRESS REPORTS, A SPOKESMAN FOR THE NIOC REPORTEDLY STATED ON OCTOBER FOUR THAT SOME EMPLOYEES HAD REJECTED AN OFFER FOR A 10 PERCENT PAY HIKE AND WERE DEMANDING A 20 PERCENT INCREASE IN BASIC SALARIES AND A 10 PERCENT BOOST IN HOUSING ALLOWANCES, INSURANCE AND MEDICAL BENEFITS. THE SPOKESMAN NOTED, HOWEVER, THAT THE STRIKERS AT THE ABADAN REFINERY HAD RETURNED TO WORK AFTER REACHING AN "INTERIM AGREEMENT" WITH MANAGEMENT FOR PAY HIKES AND OTHER BENEFITS.

5. THE PUBLIC MEDIA ANNOUNCED ON OCTOBER FIVE THAT TELECOMMUNICATIONS CORPORATION OF IRAN (TCI) EMPLOYEES HAD ENDED THEIR STRIKE ACTION ON OCTOBER FOUR AFTER RECEIVING A WRITTEN COMMITMENT FROM MANAGEMENT THAT THEY WOULD BE GRANTED A 100 PERCENT INCREASE IN HOUSING ALLOWANCES. THE TCI EMPLOYEES REPORTEDLY RECEIVED NO IMMEDIATE INCREASE IN BASIC SALARIES, BUT DID RECEIVE THE PROMISE THAT THEIR SALARY DEMANDS WOULD BE REVIEWED BY THE WAGE
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BOARD, AND THAT AN INCREASE WOULD BE INCLUDED WITHIN THE NEXT BUDGET. TCI EMPLOYEES INITIAL LIST OF DEMANDS ARE

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REPORTED TO INCLUDE A 50 PERCENT SALARY BOOST, A DEMAND THAT BOTH TCI CHIEF ENGINEER FARKHANDR AND MANAGING DIRECTOR MALOTI BE INVESTIGATED AND THEIR PERSONAL FINALCIAL RECORDS BE MADE PUBLIC, AND A CALL FOR THE F ING OF ALL CONTRACT EMPLOYEES (WHO AVERAGE CONSIDERABLY MORE IN SALARY THAN MOST REGULAR EMPLOYEES). A MORE OMINOUS NOTE, IN TERMS OF U.S. INTERESTS, WAS THE REPORTED DEMAND MADE BY TCI EMPLOYEES THAT ALL AMERICAN EMPLOYEES (I.E. AMERICAN BELL INTERNATIONAL) BE FIRED, AND THE ADDITIONAL FUNDS GAINED BY THIS ACTION APPLIED TO THE WELFARE OF IRANIAN WORKERS.

6. AMONG THE ADDITIONAL ORGANIZATIONS AFFECTED BY STRIKES WITHIN THE LAST FEW DAYS ARE THE STATE GOBACCO MONOPOLY, THE FRENCH JOINT VENTURE BANK ETEBARAT IRAN, AND THE STATE POWER AUTHORITY TAVANIR.-STATE TOBACCO COMPAMY EMPLOYEES STRUCK THE MORNING OF OCTOBER FOUR DEMANDING A REDUCTION OF WORKING HOURS AND AN EXTENSION OF ANNUAL LEAVE. EMPLOYEES OF BANK ETEBARAT, BOTH IN TEHRAN AND IN SEVERAL PROVINCIAL CITIES, INITIATED A STRIKE ON OCTOBER THREE TO DEMAND

(*)

BANK AND
BANK MELLI. WE AS YET HAVE NO SPECIFIC INFORMATION ON THE DEMANDS DRAWN UP BY EMPLOYEES OF TAVANIR BUT NEWSPAPER REPORTS INDICATE THAT WORKERS FROM THE

COMPANY AND ITS POWER STATIONS AT TARASHT, SHARYAR, AND FARAHABAD HAVE MET TO DISCUSS THEIR GRIEVANCES WITH COMPANY MANAGEMENT. ORKERS AT THE VANAK AND CHAHAROM HOSPITALS INTEHRAN WENT ON A ONE DAY STRIKE ON OCTOBER FOUR BUT RETURNED TO WORK WHEN PROMISED THAT THEIR DEMANDS WOULD BE "SYMPATHETICALLY REVIEWED." IN TABRIZ, ASSISTANTS WORKING IN HOSPITALS ATTACHED TO AZARABADEGAN UNIVERSITY STRUCK, DEMANDING HIGHER WAGES. WE HAVE NO INFORMATION ON THE STRIKE ACTION AT THE URBAN PLANNING OFFICE OF THE TEHRAN MUNICIPALITY, OTHER THAN NEWSPAPER CONFIRMATION THAT

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THE JOB ACTION HHAS IN FACT OCCURRED.

7. DURING THE COURSE OF DISCUSSIONS WITH AMBASSADOR SULLIVAN THE EVENING OF OCTOBER FOUR, PRIME MINISTER JAAFAR SHARIF-EMAMI AFFIRMED THAT DURING RECENT WEEKS "ABOUT 50" STRIKES HAD BEEN SETTLED. HE ACKNOWLEDGED THAT THIS RASH OF STRIKES WOULD HAVE A SERIOUS IMPACT ON THE IRANIAN ECONOMY
(*)

IT SEEMS OBVIOUS THAT THE GOVERNMENT HAS CHOSEN TO FOLLOW A RECONCILIATORY LINE WITH STRIKERS, GIVING IN TO MOST OF THEIR DEMANDS, RATHER THAN RISKING VIOLENCE, TO RESTORE PEACE IN THE LABOR SECTOR. THE EFFECT HAS BEEN, AT LEAST TO DATE, THAT ONE STRIKE HAS TENDED *TO ENCOURAGE OTHERS, AND THE END DOES NOT YET SEEM TO BE IN SIGHT. ONE CONCLUSION SEEMS INEVITABLE,* THE SETTLEMENTS AGREED TO WILL HAVE A SEVERE IMPACT ON THE IRANIAN ECONOMY IN TERMS OF INFLATION AND BUDGETARY DISLOCATIONS. THE DEGREE OF IMPACT WILL NOT BECOME COMPLETELY CLEAR UNTIL THE DUST SETTLES.
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SULLIVAN

NOTE BY OC/T: TEHRAN 9744/02 PARA 6 & 7 (*) OMISSION CORRECTION FOLLOWED.

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